

11 2204
(13)

JUSTGIVE, INC.
FINANCIAL STATEMENTS
FEBRUARY 28, 2009

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to financial statements	5 - 9
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION	10
SUPPLEMENTARY INFORMATION	
Schedule of functional expenses	11



Certified Public Accountants
A Professional Corporation

Member AICPA Firms Division

Aurelio Yuen, CPA
Stanley M. Tolle, CPA
Thomas J. Parry, CPA

One Post Street, Suite 2150
San Francisco, California 94104
Telephone 415-705-5615
Facsimile 415-705-5633
www.bensonneff.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
JustGive, Inc.
San Francisco, California

We have audited the accompanying statements of financial position of JustGive, Inc. as of February 28, 2009 and February 29, 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JustGive, Inc. as of February 28, 2009 and February 29, 2008, and the changes in its net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

A handwritten signature in cursive script, appearing to read "Benson & Neff", written over the printed name.

Benson & Neff
Certified Public Accountants,
A Professional Corporation

San Francisco, California
August 17, 2009

JUSTGIVE, INC.

STATEMENTS OF FINANCIAL POSITION FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$1,388,178	\$ 959,243
Contributions receivable	88,210	46,603
Accounts receivable	110,459	19,243
Prepaid expenses and deposits	<u>14,116</u>	<u>14,631</u>
	1,600,963	1,039,720
INVESTMENTS		
Corporate obligations (cost \$499,423 for 2008)	-	499,446
FURNITURE AND EQUIPMENT	22,384	28,683
WEBSITE DEVELOPMENT COSTS	55,533	-
OTHER ASSETS	<u>4,797</u>	<u>2,897</u>
	<u>\$1,683,677</u>	<u>\$1,570,746</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 19,001	\$ 13,259
Payroll liabilities	17,848	10,265
Accrued expenses	342	-
Donation pass through	603,215	640,649
Unredeemed gift certificates	<u>359,705</u>	<u>258,066</u>
	1,000,111	922,239
NET ASSETS		
UNRESTRICTED	<u>683,566</u>	<u>648,507</u>
	<u>\$1,683,677</u>	<u>\$1,570,746</u>

See Notes to Financial Statements

JUSTGIVE, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

	<u>2009</u>	<u>2008</u>
SUPPORT AND REVENUE		
Contributions (Excluding contributions raised for others of \$19,727,571 in 2009; \$25,490,126 in 2008)	\$ 250,761	\$ 349,437
Corporate sponsorships	25,000	20,000
Corporate licensing	425,922	237,363
Site processing fees	460,115	633,845
Site set-up & development	108,985	65,526
Unredeemed gift certificates and uncashed donations	255,314	146,097
Donated equipment, office space and services	107,461	31,192
Net gain (loss) on investments	1,031	(700)
Interest and dividend income	<u>17,712</u>	<u>63,925</u>
	<u>1,652,301</u>	<u>1,546,685</u>
COSTS AND EXPENSES		
Public awareness	1,449,163	1,266,369
Management and general	143,242	117,244
Fundraising and promotion	<u>24,837</u>	<u>24,514</u>
	<u>1,617,242</u>	<u>1,408,127</u>
INCREASE IN UNRESTRICTED NET ASSETS	35,059	138,558
UNRESTRICTED NET ASSETS, beginning of year	<u>648,507</u>	<u>509,949</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 683,566</u>	<u>\$ 648,507</u>

JUSTGIVE, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 35,059	\$ 138,558
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Contribution of marketable securities	(48,817)	(53,254)
Donated furniture and equipment	-	(4,043)
Depreciation and amortization	21,951	8,784
Net (gain) loss on investments	(1,609)	700
Changes in net assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(91,216)	4,607
Contributions receivable	(41,607)	41,031
Prepaid expenses and deposits	517	(5,400)
Other assets	(1,900)	(1,587)
Increase (decrease) in:		
Accounts payable	5,741	(31,834)
Payroll liabilities	7,583	8,608
Accrued expenses	342	(795)
Donation pass through	(37,434)	171,385
Unredeemed gift certificates	<u>101,639</u>	<u>107,658</u>
Net cash provided by (used in) operating activities	<u>(49,751)</u>	<u>384,418</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,710)	(19,779)
Proceeds from sale of marketable securities	549,871	52,827
Website development costs	<u>(62,475)</u>	<u>-</u>
Net cash provided by investing activities	<u>478,686</u>	<u>33,048</u>
 Net increase in cash	428,935	417,466
CASH, beginning of year	<u>959,243</u>	<u>541,777</u>
CASH, end of year	<u>\$1,388,178</u>	<u>\$ 959,243</u>

See Notes to Financial Statements

JUSTGIVE, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

Note 1. ORGANIZATION AND MISSION

JustGive, Inc. (the Organization) was established on July 15, 1999 to educate the general public about charitable giving and facilitate the contribution of donations to qualified non-profit organizations operating in the United States. The Organization provides an internet website as a vehicle to qualified non-profit organizations for increasing awareness of their purpose, objectives, and for soliciting donations.

The Organization is located in San Francisco, California. The Organization generates its support and revenue from individual contributors and corporate sponsors, license and other fees from third parties for using its donation system and providing related services and fees charged to all users to offset credit card transaction costs.

Note 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash:

For purposes of the statement of cash flows, cash includes money market funds.

Investments:

The Organization carries investments in marketable securities at their fair values in the Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

JUSTGIVE, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture and equipment:

Furniture and equipment is recorded at cost when purchased and at fair market value at date of gift when donated. Depreciation is provided on a straight-line basis over the estimated useful lives of three to seven years.

Expenditures for maintenance and repairs are expensed as incurred. Betterments which increase the value or materially extend the life of the related assets are capitalized. It is the Organization's policy to capitalize expenditures for these items in excess of \$500.

Website development costs:

The Organization has adopted Statement of Position 98-1 Accounting for Costs of Computer Software Developed or Obtained for Internal Use in accounting for its website development costs. Planning stage costs are expensed as incurred. Application, infrastructure, graphic and content development stage costs are generally capitalized. Operating stage costs are expensed as incurred. Capitalized website development costs are being amortized over a period of three years.

Income tax status:

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is qualified to sponsor a donor advised fund.

Revenue recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made.

JUSTGIVE, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued):

It is the Organization's intent that donations raised for other organizations through its website be disbursed to those organizations based on donor instructions. Therefore, these donations are recorded as a liability and excluded from contributions reported in the Statement of Activities. The Organization also maintains a liability for unredeemed gift certificates. Based on an analysis of uncashed donations and unredeemed gift certificates, the Organization has concluded that the likelihood of donations or gift certificates being redeemed beyond one year is remote. Therefore, the Organization reduces the liability for donation pass through and unredeemed gift certificates and records income equal to eighty-five percent of donations and gift certificates not cashed or redeemed after one year.

Donations-in-kind and contributed services:

Equipment and other non-cash items donated to the Organization, the amount of which are clearly measurable, are reflected in the accompanying financial statements as contributions at their estimated fair values at the date of receipt. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

The value of other donated equipment and services has not been reflected in the accompanying financial statements inasmuch as no objective basis was available to measure their value or they did not meet the criteria for recognition. However, numerous volunteers and board members have donated significant amounts of their time in the areas of program development and fundraising.

Functional allocation of expenses:

Expenses are allocated into functional categories depending on the ultimate purpose of the expenditure. Expenses have been summarized in the accompanying financial statements as follows:

Public awareness includes expenses incurred to educate, disseminate information, and provide a charitable vehicle to the general public.

Management and general includes expenses that are not directly related to a specific program function incurred by the Organization in the accomplishment of its tax exempt purposes.

Fundraising and promotion includes expenses incurred to raise funds for the Organization.

JUSTGIVE, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promotion and media:

Promotion and media costs are expensed as incurred.

Note 3. FURNITURE AND EQUIPMENT

	<u>2009</u>	<u>2008</u>
Computer equipment	\$ 52,894	\$ 66,248
Office furniture, fixtures and equipment	<u>2,951</u>	<u>2,951</u>
	55,845	69,199
Accumulated depreciation	<u>(33,461)</u>	<u>(40,516)</u>
	<u>\$ 22,384</u>	<u>\$ 28,683</u>

Note 4. WEBSITE DEVELOPMENT COSTS

	<u>2009</u>	<u>2008</u>
Development costs	\$ 248,275	\$ 185,800
Accumulated amortization	<u>(192,742)</u>	<u>(185,800)</u>
	<u>\$ 55,533</u>	<u>\$ -</u>

Note 5. MAJOR DONOR AND LICENSEE

During the years ended February 28, 2009 and February 29, 2008, contributions of \$48,817 and \$53,254, respectively, were received from individual donors who are related to the President.

During the years ended February 28, 2009 and February 29, 2008, license fees of \$139,510 and \$129,734, respectively, and site setup and development fees of \$20,325 and \$49,806, respectively, were received from one unrelated corporation.

JUSTGIVE, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

Note 6. DONATED EQUIPMENT AND SERVICES

The value of donated equipment, office space and services included as contributions in the financial statements and the corresponding expenses for the years ended February 28, 2009 and February 29, 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ -	\$ 4,043
Marketing	96,500	18,000
Legal fees	10,171	6,000
Office space	-	1,489
Website hosting	<u>790</u>	<u>1,660</u>
	<u>\$ 107,461</u>	<u>\$ 31,192</u>

Note 7. PROMOTION AND MEDIA

Promotion and media costs incurred during the years ended February 28, 2009 and February 29, 2008 were \$145,052 and \$36,796, respectively.

Note 8. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balance in two financial institutions. At times, the Organization's cash balance may exceed the federally insured limit for those institutions. The Organization does not believe that there is any significant risk of loss.

Note 9. OPERATING LEASE COMMITMENT

Commencing May 1, 2007, the Organization entered into a five-year non-cancelable operating lease for its office facility requiring minimum annual rent of \$32,827 for the first base year and \$34,758 thereafter along with the Organization's share of increased operating expenses over the base year. The Organization's remaining lease commitment as of February 28, 2009 was as follows:

2010	\$ 34,758
2011	34,758
2012	34,758
2013	<u>5,793</u>
	<u>\$ 110,067</u>

Lease expense for the years ended February 28, 2009 and February 29, 2008 was \$36,154 and \$31,503, respectively.



Certified Public Accountants
A Professional Corporation
Member AICPA Firms Division


Aurelio Yuen, CPA
Stanley M. Tolle, CPA
Thomas J. Parry, CPA

One Post Street, Suite 2150
San Francisco, California 94104
Telephone 415-705-5615
Facsimile 415-705-5633
www.bensonneff.com

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
JustGive, Inc.
San Francisco, California

We conducted our audits in accordance with U.S. generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Benson & Neff
Certified Public Accountants,
A Professional Corporation

San Francisco, California
August 17, 2009

JUSTGIVE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES YEAR ENDED FEBRUARY 28, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009				2008
	PUBLIC AWARENESS	MANAGEMENT & GENERAL	FUNDRAISING & PROMOTION	TOTAL	TOTAL
DIRECT EXPENSE					
Salaries and payroll taxes	\$ 527,701	\$ 89,995	\$ 20,826	\$ 638,522	\$ 460,937
Transaction costs	476,596	-	-	476,596	660,172
Promotion and media	145,052	-	-	145,052	36,796
Professional fees	73,939	29,636	-	103,575	73,477
Licenses and permits	44,051	-	-	44,051	20,757
Employee benefits	33,616	3,370	120	37,106	20,318
Rent expense	30,731	4,338	1,085	36,154	31,503
Postage and delivery	27,126	3,829	958	31,913	23,119
Website maintenance	24,963	-	-	24,963	16,258
Depreciation	19,699	1,801	450	21,950	8,784
Printing and reproduction	15,872	2,241	560	18,673	10,300
Telephone	14,173	1,980	561	16,714	15,377
Office supplies	7,468	525	131	8,124	7,577
Insurance	2,653	3,627	-	6,280	5,740
State registration	-	5,289	-	5,289	3,887
Travel and entertainment	4,140	585	146	4,871	3,323
Repairs and maintenance	-	1,914	-	1,914	-
Dues and subscriptions	1,383	-	-	1,383	1,073
Other expenses	-	458	-	458	1,383
Bad debt provision (recovery)	-	(6,346)	-	(6,346)	7,346
	<u>\$ 1,449,163</u>	<u>\$ 143,242</u>	<u>\$ 24,837</u>	<u>\$ 1,617,242</u>	<u>\$ 1,408,127</u>